

## Message Text

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NODIS/CHEROKEE

FOR THE SECRETARY FROM ROBINSON

E.O. 11652: XGDS-1

TAGS: ENRG

SUBJECT: ROBINSON MEETING WITH ANSARY

I SPENT THREE HOURS ALONE TODAY WITH HUSHANG ANSARY, DURING WHICH WE EXPLORED IN GREAT DETAIL EGYPTIAN FINANCIAL ASSISTANCE, PRODUCER/CONSUMER DIALOGUE, AND OUR BILATERAL TRANSACTION. I BELIEVE THAT CONSIDERABLE PROGRESS WAS ACHIEVED ON THESE THREE ISSUES AS OUTLINED BELOW.

1. EGYPTIAN AID. I EXPRESSED APPRECIATION FOR IRAN'S INITIAL COMMITMENT OF \$100 MILLION FOR CURRENT BALANCE OF PAYMENTS ASSISTANCE FOR EGYPT AND FOR THEIR SUBSEQUENT INCREASE OF THIS COMMITMENT TO \$150 MILLION, WITH THE ADDITIONAL \$50 MILLION REPRESENTING A TRANSFER FROM A PREVIOUSLY ESTABLISHED COMMITMENT OF \$1 BILLION FOR PROJECT ASSISTANCE. I PRESSED FOR A FURTHER INCREASE TO A TOTAL OF \$250 MILLION FOR BALANCE OF PAYMENTS ASSISTANCE FOR THE CURRENT CALENDAR YEAR AND RECEIVED ANSARY'S ASSURANCE THAT HE WOULD DO HIS BEST WITH HIM TO MEET OUR REQUEST. HE INDICATED, HOWEVER, THAT THIS ADDITIONAL \$100 MILLION WOULD PROBABLY HAVE TO BE CONDITIONED UPON EGYPT'S PURCHASE OF IRANIAN PRODUCTS OF AN EQUIVALENT AMOUNT, WHICH COULD SEVERELY LIMIT THE REAL VALUE OF THIS COMMITMENT TO EGYPT. WE ARE TO

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SUPPLY INFORMATION REGARDING EGYPT'S ANTICIPATED

IMPORTS TO ASSIST IRAN IN PLANNING THIS PROGRAM. IN ANY EVENT ANSARY WILL MAKE A SINCERE EFFORT TO MEET OUR SUGGESTED GOAL OF \$250 MILLION FOR EGYPT DURING THE CURRENT CALENDAR YEAR.

2. PRODUCER/CONSUMER DIALOGUE. ANSARY EXPRESSED OPTIMISM REGARDING THE PROBABILITY OF A RESUMPTION OF THE PRODUCER/CONSUMER DIALOGUE AND INDICATED THAT HIM SHARED THIS VIEW. THIS OPTIMISM IS BASED ON TWO RELATED DEVELOPMENTS: FIRST, YOUR PROPOSAL FOR THE LAUNCHING OF THREE SEPARATE COMMISSIONS DEALING WITH ENERGY, COMMODITIES AND LDC RELATIONS, WHICH THEY INTERPRETED AS YOUR RESPONSE TO IDEAS DEVELOPED IN MY LAST CONVERSATION WITH ANSARY IN TEHRAN, AND SECONDLY, THE EVIDENCE OF A NEW US ATTITUDE ON COMMODITIES AND LDC RELATIONS BASED ON YOUR SPEECHES AT KANSAS CITY AND THE OECD MINISTERIAL. HE INDICATED THAT WITHOUT THE LATTER DEVELOPMENT YOUR PROPOSAL FOR THE THREE-COMMISSION APPROACH WOULD BE SUSPECT AS A PROCEDURAL MANEUVER. ALTHOUGH ANSARY WANTS TO DISCUSS THE BASIS FOR RESUMING THE PRODUCER/CONSUMER DIALOGUE WITH HIM AND YEGANEH, HEAD OF THE CENTRAL BANK, AND IRAN'S REPRESENTATIVE AT THE PREPCON BEFORE COMMITTING TO ANY SPECIFIC APPROACH, HE INDICATED THAT IRAN COULD PROBABLY ACCEPT THE FOLLOWING APPROACH:

(A) RECONVENE THE GROUP OF 10 AFTER THE OBJECTIVES FOR THIS MEETING AND SUBSEQUENT ACTION HAVE BEEN AGREED TO IN PRINCIPLE BY THE KEY PARTICIPANTS.

(B) THE GROUP OF 10 WOULD SELECT AN ENLARGED GROUP OF 27 WITH APPROPRIATE REPRESENTATION BETWEEN INDUSTRIALIZED NATIONS, OPEC AND THE LDCS. THE GROUP OF 10 WOULD ALSO PLAN THE SCHEDULE FOR THE MEETING OF THE EXPANDED GROUP, WHICH WOULD TAKE PLACE AT A SUBSEQUENT DATE FOLLOWING FINAL SELECTION OF THE 27 PARTICIPANTS.

(C) THE ENLARGED GROUP OF 27 WOULD SELECT EXCLUSIVELY FROM ITS OWN MEMBERSHIP NINE COUNTRIES TO BE REPRESENTED ON EACH OF THE THREE COMMISSIONS COVERING ENERGY, COMMODITIES AND LDC RELATIONS. THIS ENLARGED  
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GROUP WOULD ALSO ESTABLISH GENERAL GUIDELINES FOR THE ACTIVITIES OF THE INDIVIDUAL COMMISSIONS WHICH WOULD THEN PROCEED ON SEPARATE PARALLEL TRACKS.

(D) ANSARY SHARES OUR VIEW REGARDING THE IMPORTANCE

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OF AVOIDING ANY SUBSTANTIVE DISCUSSION IN THE ENLARGED GROUP ON THE BASIS THAT THIS WOULD BECOME A MINI-UN, PREVENTING ANY POSSIBILITY OF CONSTRUCTIVE ACTION. HE ALSO SUGGESTED THE FORMULA OF NINE MEMBERS OF EACH COMMISSION OUT OF THE GROUP OF 27 TO PREVENT ANY ONE COUNTRY FROM PARTICIPATING ON MORE THAN ONE COMMITTEE. HE SPOKE SPECIFICALLY OF THE NEED TO LIMIT ALGERIA'S DISRUPTIVE BEHAVIOR WHICH COULD BE RESTRICTED BY THIS FORMULA.

(E) HE URGED A CLOSE AND CONTINUING RELATIONSHIP BETWEEN THE THREE COMMISSIONS AND THE UN, PARTICULARLY ON THE COMMODITY AND LDC ISSUES, BUT EXPRESSED THE HOPE THAT THE NEWLY ESTABLISHED COMMISSIONS WOULD BE ALLOWED TO DEVELOP PRACTICAL ACTION-ORIENTED SOLUTIONS TO PROBLEMS OUTSIDE OF THE UN'S POLITICAL INFLUENCE.

(F) ALTHOUGH HE WAS NOT ENTHUSIASTIC ABOUT A FUTURE RECONVENING OF THE GROUP OF 27 FOR COMMISSION PROGRESS REPORTS, HE DID FEEL THAT THIS WOULD PROBABLY BE NECESSARY TO PROVIDE THE APPEARANCE OF THE LINKAGE WHICH OTHER OPEC/LDCS WILL INSIST UPON. HE DID FEEL THAT THE POTENTIAL PROBLEM IN THIS STEP COULD PROBABLY BE MODERATED BY ESTABLISHING IN ADVANCE A CLEAR UNDERSTANDING OF THE LIMITED PURPOSE FOR ANY RECONVENING OF THE GROUP OF 27.

I CAREFULLY AVOIDED ANY NEGOTIATION ON THESE POINTS'

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INDICATING THAT WE WOULD HAVE DIFFICULTIES WITH SOME OF HIS SUGGESTIONS BUT THAT I WOULD DEFER ANY COUNTER-PROPOSAL UNTIL AFTER WE HAD A BETTER UNDERSTANDING OF THE BASIS ON WHICH OTHER MEMBERS OF THE ORIGINAL 10 WOULD BE WILLING TO RECONVENE THE PRODUCER/CONSUMER DIALOGUE. I INDICATED THAT I WOULD BE IN CONTACT WITH HIM WHEN I WAS IN A POSITION TO DISCUSS THIS IN A MORE DEFINITIVE WAY.

3. BILATERAL TRANSACTION. WE HAD AN EXTENDED DISCUSSION OF THE PHILOSOPHICAL AND PROCEDURAL ASPECTS OF THE TRANSACTION WHICH HAS BEEN UNDER CONSIDERATION FOR SEVERAL MONTHS. WE REACHED GENERAL AGREEMENT ON THE TWO BASIC ALTERNATIVES WHICH YOU AND I DISCUSSED PRIOR TO MY DEPARTURE. I INDICATED THAT I WOULD DISCUSS THIS WITH YOU ON MY RETURN TO WASHINGTON AND WE WOULD THEN ADVISE HIM THROUGH HELMS AS TO WHETHER THIS SHOULD BE PURSUED FURTHER AND, IF SO, WHICH OF THE TWO ALTERNATIVES WE PREFERRED. I FOUND IT SIGNIFICANT THAT HIM IS NOW PREPARED TO GO UP TO 700,000 PER DAY AND IS CLEARLY ANXIOUS TO CONCLUDE AN ARRANGEMENT. I SUGGEST THAT I REPORT FURTHER DETAILS TO YOU IN PERSON AFTER MY RETURN ON FRIDAY WHICH IS NOW FIRM AS YAMANI IS IN BAGHDAD AND WOULD NOT BE AVAILABLE IN RYADH ON JUNE 14 AS WE HAD SUGGESTED. PLEASE ADVISE IF YOU WOULD PREFER AN IMMEDIATE TELEGRAM COVERING THE DETAILS OF A POSSIBLE ARRANGEMENT.

IN SUMMARY I FEEL THAT WE MADE PROGRESS ON THESE THREE QUESTIONS BUT FURTHER FOLLOW-UP WILL BE REQUIRED. ANSARY SUGGESTED THAT WE PLAN TO MEET FOR THIS PURPOSE AT THE CARLTON HOTEL IN CANNES WHERE HE EXPECTS TO BE VACATIONING FOR FOUR WEEKS COMMENCING JUNE 26. I COULD ARRANGE THIS FOLLOWING THE WORLD FOOD COUNCIL MEETING IN ROME SET FOR JUNE 25-27 IF THAT PROVED TO BE DESIRABLE.

KATZ

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